

FILED

AUG 08 2014

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

COEN COMPANY, INC., et al.,
Plaintiffs,

v.

PAN INTERNATIONAL, LTD.,
Defendant.

Case No. 14-cv-03392-JST

**ORDER DENYING APPLICATION FOR
TEMPORARY RESTRAINING ORDER
AND GRANTING LEAVE TO
CONDUCT EXPEDITED DISCOVERY;
ORDER GRANTING
ADMINISTRATIVE MOTION TO FILE
UNDER SEAL**

Re: ECF Nos. 14, 30.

I. INTRODUCTION

Plaintiffs Coen Company, Inc. ("Coen") and John Zink Company, LLC ("Zink") (collectively, "Plaintiffs") have filed an application for a temporary restraining order and for leave to conduct expedited discovery. ECF No. 14. The Court will deny the application for a temporary restraining order and grant Plaintiffs' request to conduct expedited discovery, as set forth more fully herein.

II. BACKGROUND

A. Factual Background

Plaintiffs sell combustion and steam generation equipment. Declaration of Tim Webster ("Webster Decl.") ¶ 4, ECF No. 30-3.¹ Zink has been the exclusive licensee of all of Coen's intellectual property, including its trademark registrations, since 2013. *Id.* ¶¶ 5, 15.

Between 1999 and 2008, Pan International, Ltd.² was Coen's sole sales representative in

¹ The Court GRANTS Plaintiffs' re-filed administrative motion to redact references to information identified in the August 6 declaration of Tim Webster. ECF No. 30. This information meets the "good cause" standard for sealing, and the sealing request is "narrowly tailored to seek sealing only of sealable material." Civ. L.R. 79-5(b).

² Plaintiffs call this entity "Pan," while Pan International, Ltd., LLC refers to this entity as "Pan

the People's Republic of China. Id. ¶ 5. Coen officials understood Zhou Pei to be a "principal" with Pan International, Ltd. Id. ¶ 6; Declaration of Shuxing (William) Li ("Li Decl.") ¶ 4, ECF No. 16-19. In 2006, Coen learned that an entity known as Beijing Fanying Technological Development Co., Ltd. ("Beijing Pan"³) had registered a "COEN + Design" trademark ("the trademark") with the Chinese Trademark Office ("CTO"). Webster Decl. ¶ 6. Coen's President and CEO declares that he confronted Zhou Pei about these events and that she explained that Beijing Pan was her husband's company and that the registration had been filed to protect Coen's interests. Id. A Zink employee, Shuxing Li, believed Zhou Pei to be married to Cheng Jianhai at least as of 2007, and Cheng Jianhai is listed in the records of the Beijing Administration for Industry and Commerce as being the Chairman, General Manager, and Legal Representative of Beijing Pan. Li Decl. ¶ 4; Declaration of William D. Fisher ¶ 3, n.2, ECF No. 16-18.

Coen informed Pan International, Ltd. that Coen owned the intellectual property rights to the trademark, and in January 2007 Coen and Beijing Pan executed an application assigning the rights to the trademark and its accompanying registration (Chinese trademark registration number 422110, the "'110 Registration") to Coen. Webster Decl. ¶¶ 7-8. On or about October 24, 2008, Beijing Pan applied to the CTO to transfer the '110 Registration from Coen back to Beijing Pan. Fisher Decl. ¶ 7, and Exhibit A thereto. The application was signed by Carlos Bravo on behalf of Coen. Id. According to Coen, Mr. Bravo's employment with Coen terminated on November 2, 2007, and so at the time of the application he was no longer authorized to act for Coen in any capacity. Webster Decl. ¶ 9. Coen claims that it "had no knowledge, and never approved, of the assignment of any of its trademarks to Pan [International, Ltd.] or Beijing Pan, and never received notice of any such assignment." Id. ¶ 17.

After their sales agreement terminated in January 2008, Coen and Pan International, Ltd. disputed a number of issues, including commissions, outstanding warranty retentions, service claims, amounts allegedly owed relating to the trademark and the '110 Registration, and amounts owed for retained goods. Id. ¶ 11. In March 2009, Pan International, Ltd. initiated a lawsuit

Seychelles." The Court will use the full name of this entity.

³ Pan International, Ltd., LLC refers to this entity as "Beijing S&T."

1 against Coen in Yolo Superior Court, which was later transferred to San Mateo Superior Court.
2 Id. ¶ 12, and Exhibit A thereto (Complaint in Pan International, Ltd. v. Coen Company, Inc., Case
3 No. CIV 486308). In that action, Pan International, Ltd. alleged that it was “a Seychelles limited
4 partnership and is in the business of importing and exporting goods to and from the Republic of
5 China.” ¶ 1 of Exh. A to Webster Decl.

6 Meanwhile, the CTO approved Beijing Pan’s application for registration of the trademark
7 in July 2009, and Beijing Pan recorded the ‘110 Registration with Chinese Customs in February
8 2010. Fisher Decl. ¶¶ 8-9.

9 In November 2010, Coen and Pan International, Ltd. entered into a settlement agreement to
10 resolve the state-court lawsuit. Webster Decl. ¶ 14 and Exhibit B thereto. Under Paragraph 4 of
11 the Settlement Agreement, Pan International, Ltd. agreed “to defend, indemnify, and hold Coen
12 harmless from any future claims, liens, demands, causes of action, obligations, damages, or
13 liabilities which are the subject of this Release.” Exh. B to Webster Decl. Under Paragraph 7 of
14 the Settlement Agreement, “the Parties covenant that they will not directly or indirectly encourage
15 or aid, except as required by due legal process, the commencement or prosecution of, against Pan
16 [International, Ltd.], Coen, or Coen Canada, any action or proceeding based upon any claims,
17 liens, demands, causes of action, obligations, damages or liabilities which are the subject of this
18 Agreement.” Id. The settlement agreement appears to have been signed by Zhou Pei. Compare
19 Exh. B to Webster Decl. (unnamed signature on behalf of Pan International, Ltd.), at Page 7, with
20 Declaration of Zhou Pei (“Zhou Decl.”), at Page 2, ECF No. 27-1 (signature of Zhou Pei).

21 Throughout the parties’ course of dealing, Coen understood Pan International, Ltd. to be in
22 a position to control, or at least to be affiliated with, Beijing Pan. Webster Decl. ¶¶ 6, 21; Li Decl.
23 ¶¶ 4-5. The panintl.com website describes the entities as “sister companies.” Exhibits D-F to
24 Declaration of Christian Mammen, ECF No. 16-5, 16-5, 16-7.

25 In January 2013, a new entity, Pan International, Ltd., *LLC*, commenced business. Zhou
26 Decl. ¶ 3 (emphasis added). Zhou Pei is a member of Pan International, Ltd., LLC, which
27 registered as a Texas limited liability company in 2011. Id. ¶ 1.

28 On or about June 28, 2014, Coen received notice that the Chinese customs office had

seized a shipment of Coen products before they could be shipped out of China. Webster Decl. ¶ 16. The notice indicated that the equipment was seized because it was labeled with a mark that might infringe the '110 Registration, and Chinese Customs officials have informed Coen's counsel that Beijing Pan requested that the equipment be seized. Id.; Fisher Decl. ¶ 10. The equipment was bound for a facility in Thailand which requires it to begin installation during a scheduled outage beginning on August 23, 2014. Webster Decl. ¶ 20. Plaintiffs claim that their inability to deliver the equipment is jeopardizing their business reputation and goodwill with their customers. Id. ¶ 19.

On August 6, 2014, Zhou Pei declared that neither she, nor Pan International, Ltd., LLC, own "an equity interest in [Pan International, Ltd.] and do not hold a position as an officer, director or employee of [Pan International, Ltd.]" Zhou Decl. ¶ 4. She also states: "I am not married to any principal of . . . [Beijing Pan], including Mr. Jianhai Cheng . . . but am married to an American citizen, Timothy Johnson, and we reside in Houston, Texas." Zhou Decl. ¶ 7. She further declares:

I do not own an equity or other ownership interest in Beijing Pan Science & Technology Co., Ltd. ("Beijing S&T"). I am not an officer or director or employee of that company. Contrary to Plaintiffs' allegations in paragraph 14 of their Complaint, Beijing Fanyang Technological Development Co., Ltd is not an agent, subsidiary or affiliate of Pan Texas and to the best of my knowledge, Pan Seychelles. I do not own an interest in that company either. I am not an officer, director or employee of that company. So too, Beijing S&T is not an agent, subsidiary or affiliate of Pan Texas to the best of my knowledge, Pan Seychelles. At no time have I or Pan Texas controlled, encouraged or served as principal to Beijing S&T. Neither I or Pan Texas have ever been involved or had anything to do with the "Coen + Design" trademark or the referenced 110 Registration.

Id. ¶ 6.

B. Procedural History

Plaintiffs filed the complaint in this action on June 25, 2014, bringing four causes of action: for "Defense, Indemnity and to be Held Harmless Pursuant to ¶ 4 of the Settlement Agreement," for breach of contract, for conversion, and for intentional interference with contractual relations. Complaint, ECF No. 30-12. The complaint names Pan International, Ltd. as

the only Defendant. Id. On July 29, Plaintiffs served Zhou Pei with the summons, which listed her as “officer and director” of Pan International, Ltd. ECF No. 20.

Plaintiffs filed the instant motion on July 30. ECF Nos. 14 & 30-15. Plaintiffs seek an order compelling Pan International, Ltd. to:

1. Take all necessary steps, and/or cause Beijing Pan to take all necessary steps, to secure the release of the Coen equipment currently under seizure by Shanghai Customs,

2. Cause Beijing Pan to cease its efforts to block the exportation of the Coen equipment,

3. Defend, indemnify and hold Coen harmless for the Chinese customs seizure, and

4. Cause Beijing Pan to rescind the October 2008 recordation of the 110 Registration in Beijing Pan’s name, and/or re-assign and re-record the “COEN + Design” mark and 110 Registration and any other COEN marks and registrations with the CTMO.

Proposed Order, ECF No. 16-20. Plaintiffs also seek leave to conduct expedited discovery pursuant to Rule 26(d) of the Federal Rules of Civil Procedure, specifically to seek documents and deposition testimony necessary to determine the relationship between Pan International, Ltd. and Beijing Pan, the entities’ involvement in the trademark reassignment registration and the shipment seizure, and Mr. Bravo’s involvement in that assignment. See Exhs. A-C to Declaration of Christian Mammen, ECF Nos. 16-2, 16-3, 16-4. Plaintiffs also served this application on Zhou Pei on August 1. ECF No. 21.

The Court set August 6, 2014, as the deadline for Defendant Pan International, Ltd. to respond to the motion. ECF No. 17. In that order, the Court directed Plaintiffs “to serve the complaint in this action, the application for a temporary restraining order and expedited discovery, all supporting declarations and materials, and a copy of this order, by e-mail or in person, on counsel authorized to accept service, and appear, on behalf of Defendant.” Id. In response to this order, Plaintiffs’ counsel Christian Mammen contacted Mel Smith, who was listed as counsel of record for Pan International, Ltd. in the 2009-10 state court action. Second Declaration of Christian Mammen ¶ 3, ECF No. 19. According to Attorney Mammen, Attorney Smith “was aware of this litigation and indicated that he has a meeting scheduled with *the defendant* to discuss

it.” Id. ¶ 3 (emphasis added). Declared Mammen, “[i]n connection with his representation or potential representation of *defendant*, Attorney Smith agreed to receive a copy via email of the papers identified in the Order.” Id. (emphasis added). Attorney Mammen followed up with an email to Attorney Smith stating: “We understand that you represented Pan International, Ltd. in prior litigation against Coen. You indicated today that you will be meeting with Pan over the weekend, and asked that I email you a copy of the papers filed in the case.” Id., Exh. A.

On August 6, Attorney Smith filed a response on behalf of Pan International, Ltd., LLC. ECF No. 27.⁴ In it, counsel states that while Pan International, Ltd., LLC “maintain[s] a place of business in Waller, Texas,” Pan International, Ltd. does not. Id. Since Ms. Zhou maintains that she is not an agent or officer of Pan International, Ltd., Attorney Smith argues that that entity has not been properly served in conformance with Rule 4(h) of the Federal Rules of Civil Procedure. Id. He further argues that Pan International, Ltd., LLC, has no relevant connection to the case. Id. Plaintiffs filed a reply on August 7. ECF No. 31.

C. Jurisdiction

Plaintiffs invoke diversity jurisdiction. Complaint ¶ 5. In response to an order to show cause, Plaintiffs filed a submission demonstrating that that Coen is a citizen of California and Kansas, that Zink is a citizen only of Kansas, and that at least \$75,000 is in controversy. ECF No. 22. In response to another order to show cause, Attorney Smith has declared that Pan International, Ltd., LLC is a limited liability company composed of two members, neither of whom are citizens of California or Kansas. ECF No. 29. These parties are completely diverse, and this Court has jurisdiction over any disputes between them pursuant to 28 U.S.C. § 1332.

Pan International, Ltd. has not appeared and has not identified its citizenships. The Court nonetheless entertains Plaintiffs’ application for injunctive relief because “[f]ederal courts have inherent authority to preserve the status quo until the jurisdiction question is resolved.” Schwarzer, et al., Cal. Prac. Guide Fed. Civ. Pro. Before Trial Ch. 13-B (citing Laclede Gas Co. v. St. Charles

⁴ As Attorney Smith acknowledges, since he is not a member of the bar of this Court, and has not obtained local co-counsel, his appearance is in violation of the Local Rules. Attorney Smith shall identify such counsel and seek *pro hac vice* status immediately.

County, Mo., 713 F.3d 413, 416 (8th Cir. 2013)). Plaintiffs remain under the Court's previous order to show cause, see ECF No. 23, and have leave to conduct discovery necessary to determine the relevant citizenship, or citizenships, of Pan International, Ltd., for diversity purposes.

D. Legal Standards

1. Temporary Restraining Order

The same legal standard applies to a motion for a temporary restraining order and a motion for a preliminary injunction. See Stuhlbarg Int'l Sales Co. v. John D. Brush & Co., 240 F.3d 832, 839, n. 7 (9th Cir. 2001). A plaintiff seeking either remedy "must establish that he is likely to succeed on the merits, that he is likely to suffer irreparable harm in the absence of preliminary relief, that the balance of equities tips in his favor, and that an injunction is in the public interest." Am. Trucking Associations, Inc. v. City of Los Angeles, 559 F.3d 1046, 1052 (9th Cir. 2009) (quoting Winter v. Nat. Resources Defense Council, 555 U.S. 7, 20 (2008)). Injunctive relief is "an extraordinary remedy that may only be awarded upon a clear showing that the plaintiff is entitled to such relief." Winter, 555 U.S. at 22.

To grant preliminary injunctive relief, a court must find that "a certain threshold showing is made on each factor." Leiva-Perez v. Holder, 640 F.3d 962, 966 (9th Cir. 2011). Provided that this has occurred, in balancing the four factors, "'serious questions going to the merits' and a balance of hardships that tips sharply towards the plaintiff can support issuance of a preliminary injunction, so long as the plaintiff also shows that there is a likelihood of irreparable injury and that the injunction is in the public interest." Alliance for the Wild Rockies v. Cottrell, 632 F.3d 1127, 1135 (9th Cir. 2011).

2. Expedited Discovery

"A party may not seek discovery . . . before the parties have conferred as required by Rule 26(f) . . . except . . . when authorized by . . . court order." Fed. R. Civ. Pro. 26(d)(1). "In the Ninth Circuit, courts use the 'good cause' standard to determine whether discovery should be allowed to proceed prior to a Rule 26(f) conference." Rovio Entm't Ltd. v. Royal Plush Toys, Inc., 907 F. Supp. 2d 1086, 1099 (N.D. Cal. 2012). "Good cause may be found where the need for expedited discovery, in consideration of the administration of justice, outweighs the prejudice to

the responding party.” Semitool, Inc. v. Tokyo Electron Am., Inc., 208 F.R.D. 273, 276 (N.D. Cal. 2002).

III. ANALYSIS

Plaintiffs sensibly point out that Pan International, Ltd., LLC “fails to explain how a non-party can inject itself into a lawsuit for the purpose of opposing a complaint and motion that have, as . . . [Pan International, Ltd., LLC] claims, nothing to do with the non-party.” Plaintiffs’ Reply in Support of Temporary Restraining Order at 2, ECF No. 31. But while it is easy to see why Coen suspects that there is a close relationship between Pan International, Ltd., Pan International Ltd., LLC, and the entity that actually executed the challenged assignment and registration, Beijing Pan, there is no evidence as of yet to conclusively establish that fact. Because of this, Plaintiffs have failed to demonstrate a likelihood of success on the merits of their claims sufficient to justify the “extraordinary remedy” of emergency injunctive relief.⁵

Pan International, Ltd., LLC offers no opposition to Plaintiffs’ request to conduct expedited discovery. The Court finds that there is good cause to allow such discovery, since the complicated organizational nature of the Pan entities appears to be obstructing Plaintiffs’ efforts to forestall an imminent harm. The discovery Plaintiffs have prepared is addressed to Pan International, Ltd., but, if Plaintiffs wish to do so, they have leave of court to modify the documents appropriately so that they apply as well to Pan International, Ltd., LLC and to Zhou Pei. Plaintiffs also have leave to propound the same discovery upon Pan International, Ltd., immediately upon effecting service upon that entity.⁶ The proposed discovery upon Mr. Bravo is also approved.

⁵ While the Court does not now reach the question, the Court also notes that, whatever actions Pan International, Ltd. and Beijing Pan may have taken against Plaintiffs’ intellectual property rights, there is no evidence submitted yet that those entities have failed to “defend,” “indemnify” or “hold [Coen] harmless,” as alleged in Plaintiffs’ first cause of action. In addition, whether or not the relief Plaintiffs have requested would restore the parties to the *status quo ad litem*, there are practical, if not legal, constraints against this Court issuing a broad injunction before trial that orders entities to take such proactive steps as making representations against their will to foreign government agencies. The authority Plaintiffs cite in their motion papers does not support such an action.

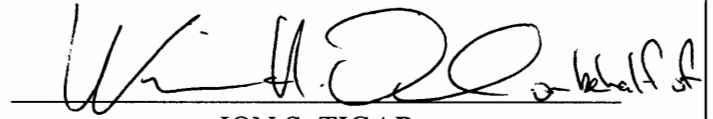
⁶ The Court does not now decide the question of whether service upon Zhou Pei or through Attorney Smith was sufficient to comply with Rule 4 of the Federal Rules of Civil Procedure.

1 **IV. CONCLUSION**

2 Plaintiffs' application for a temporary restraining order is DENIED. Plaintiffs' request for
3 leave to conduct expedited discovery, as modified in the aforementioned analysis, is GRANTED.

4 **IT IS SO ORDERED.**

5 Dated: 8/8/2014

A handwritten signature in black ink, appearing to read "Jon S. Tigar", is written over a horizontal line.

JON S. TIGAR
United States District Judge